

CSP Grant Allowable Cost Guide

Background and Introduction:

The New York State Education Department (NYSED) was awarded a FY2024 Expanding Opportunity Through Quality Charter Schools Program (CSP) Grant by the U.S. Department of Education (USDOE). Authorized by Title IV, Part C of the Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act, CSP provides funding to expand opportunities for all students, particularly traditionally underserved students, to attend high-quality public charter schools and meet challenging State academic standards; provide financial assistance for the planning, program design, and initial implementation of charter schools; increase the number of high-quality charter schools available to students across the United States; evaluate the impact of charter schools on student achievement, families, and communities; share best practices between charter schools and other public schools; encourage States to provide facilities support to charter schools; and support efforts to strengthen the charter school authorizing process.

This document will provide clarification and guidance for allowable expenses to be reimbursed under the NYSED CSP grant. The NYSED CSP grant will provide financial assistance for the planning and implementation (start-up) of new charter schools, as well as financial assistance for expanding high quality charter schools.

Under [ESEA §4303\(h\) Local Use of Funds](#) an eligible applicant receiving a subgrant under this section shall use such funds to support the activities above, by deploying CSP funding on one or more of the following activities:

1. Preparing teachers, school leaders, and specialized instructional support personnel, including through paying the costs associated with:
 - a. Providing professional development; and
 - b. hiring and compensating, during the eligible applicant's planning period specified in the application for subgrant funds that is required under this section, one or more of the following:
 - i. Teachers.
 - ii. School leaders.
 - iii. Specialized instructional support personnel.
2. Acquiring supplies, training, equipment (including technology), and educational materials (including developing and acquiring instructional materials).
3. Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction).
4. Providing one-time, startup costs associated with providing transportation to students to and from the charter school.
5. Carrying out community engagement activities, which may include paying the cost of student and staff recruitment.
6. Providing for other appropriate, non-sustained costs related to the activities described in [ESEA §4303\(b\)\(1\)](#) when such costs cannot be met from other sources.

General Principles and Key Terms:

CSP funding is strictly limited to costs associated with the planning and implementation of new charter schools and the expansion of high-quality existing charter schools. Grants for planning and implementation activities for new charter schools are referred to as “start-up” grants interchangeably in the guide, request for proposals (RFP), and associated documents.

Federal guidance states that costs must be incurred during the grant project period and be related to the grant objectives. Allowable costs for start-up grants differ from allowable costs for expansion grants, only new costs directly attributable to the expansion are allowable.

There are four types/phases of activities, each with differing objectives and allowable costs.

1. Start-Up Grant - New School Planning
 - Begins with the start date as referenced in the RFP and ends either July 1 prior to the school’s opening or 18 months after the start date of the grant, whichever is shorter.
 - Allowable costs will generally consist of pre-opening activities such as curriculum development, technology buildout, and furnishing.
 - Once the school begins receiving per pupil funding, most planning activities can no longer be reimbursed.
2. Start-Up Grant - New School Implementation
 - Begins July 1 prior to the school’s opening, ends with the end of the grant term.
 - Many costs are unallowable once implementation phase begins.
3. Expansion of Grades Served
 - Expanding grades served by the school.
 - Allows for some planning activities to prepare for the new grades in addition to implementation.
4. Expansion of Seats
 - Expanding seats within existing grades served
 - No planning period activities are allowed – implementation only.

The following three questions help to dictate allowable costs:

1. Was the expense incurred during the grant period?
 - If YES – Proceed to #2
 - If NO – Not Allowable
2. Does the expense support the grant objectives?
 - If YES – Proceed to #3
 - If NO – Not Allowable
3. Is the expense recurring and required after the grant period?
 - If YES – May be allowable for planning only, not for implementation or expansion of seats.
 - If NO – The cost may be allowable as described in this guide.

The NYSED CSP grant is a reimbursement program, i.e., CSP start-up and expansion grantees must expend funds on approved expenses incurred during the grant period and then request reimbursement from NYSED. Back-dating expenses or requesting reimbursement for expenses incurred prior to the start of the grant is strictly prohibited. Expenditures must align with FS-10 budget line items and FS-10 budget line items must align with the project and budget narratives. Expenditures will require upfront justification approval via the FS-10 budget and the budget narrative. Changes to the FS-10 budget will require prior approval; however, any changes must still align with the original project narrative. Expenditures must be allowable, allocable, and reasonable as defined by federal uniform guidance.

The Department is required to prepare a state contract with each grantee to carry out the activities described in the grant application. The contract must be approved by the Office of the Attorney General and the Office of the State Comptroller. While work may begin on the project start date, there is inherent risk of non-approval of the contract until the contract is fully executed. Alternate sources of funds will be required if expenses are incurred prior to the project start date, as such expenditures would not be eligible.

See [NYSED Grants Finance - Guidance and Other Information](#) for additional information.

Federal CFR 200 Regulations:

§ 200.403 Factors affecting allowability of costs.

Except where otherwise authorized by statute, costs must meet the following criteria to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient.
- (d) Be accorded consistent treatment. For example, a cost must not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for State and local governments and Indian Tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing requirements of any other federally-financed program in either the current or a prior period. See [§ 200.306\(b\)](#).

(g) Be adequately documented. See [§§ 200.300](#) through [200.309](#).

(h) Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period. At its discretion, the Federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods. See [§ 200.308\(g\)\(3\)](#).

§ 200.404 Reasonable costs.

A cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost. In determining the reasonableness of a given cost, consideration must be given to the following:

- (a) Whether the cost is generally recognized as ordinary and necessary for the recipient's or subrecipient's operation or the proper and efficient performance of the Federal award;
- (b) The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining; Federal, State, local, tribal, and other laws and regulations; and terms and conditions of the Federal award;
- (c) Market prices for comparable costs for the geographic area;
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the recipient or subrecipient, its employees, its students or membership (if applicable), the public at large, and the Federal Government; and
- (e) Whether the cost represents a deviation from the recipient's or subrecipient's established written policies and procedures for incurring costs.

§ 200.405 Allocable costs.

(a) ***Allocable costs in general.*** A cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received. This standard is met if the cost satisfies any of the following criteria:

- (1) Is incurred specifically for the Federal award;
- (2) Benefits both the Federal award and other work of the recipient or subrecipient and can be distributed in proportions that may be approximated using reasonable methods; or
- (3) Is necessary to the overall operation of the recipient or subrecipient and is assignable in part to the Federal award in accordance with these cost principles.

(b) ***Allocation of indirect costs.*** All activities which benefit from the recipient's or subrecipient's indirect cost, including unallowable activities and donated services by the recipient or subrecipient or third parties, will receive an appropriate allocation of indirect costs.

(c) ***Limitation on charging certain allocable costs to other Federal awards.*** A cost allocable to a particular Federal award may not be charged to other Federal awards (for example, to overcome fund deficiencies or to avoid restrictions imposed by Federal statutes, regulations, or the terms and conditions of the Federal awards). However, this prohibition would not preclude the recipient or subrecipient from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(d) ***Direct cost allocation principles.*** If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. However, when those proportions cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c), the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved, when no longer needed for the purpose for which it was originally required. See also [§§ 200.310 through 200.316](#) and [200.439](#).

(e) ***Costs of contracts subject to CAS.*** If a contract is subject to CAS, costs must be allocated to that contract according to the Cost Accounting Standards, which take precedence over the allocation provisions in this part.

Allowable Cost Categories – Form FS10

Reimbursement of costs is not guaranteed and will not be issued if a cost does not meet CSP program requirements. The Department retains sole determination and discretion on all allowable cost matters. The examples provided in this guide are not exhaustive.

FS10 Category	Cost	Description/Notes
Project Phase – Refer to General Principles Section		
Professional Salaries Planning Only	Administrative salary. School Leaders, CEO, Directors	Job description and FTE allocation required
Support Staff Salaries Planning Only	Operations/Finance/Office support salary	Job description and FTE allocation required
Purchased Services Planning and Implementation Only	Financial Services (set up and Development)	Accounting/Financial system setup, internal controls development.
Purchased Services Planning and Implementation Only	Consulting Services, Legal Support, Grant Management Support (CSP ONLY), Curriculum Development	Legal counsel for charter adherence, real estate, or policy design.
Purchased Services All	Board & Staff Development	Training, coaching, workshops
Purchased Services Planning Only	Telephone and Internet	System set up + monthly invoices through end of project phase
Purchased Services All	Staff Recruitment/Student Recruitment/ Marketing	Job board postings, career fairs outsourced recruiting, Advertising, billboards
Purchased Services Planning Only	E-rate	Start up costs only
Purchased Services Planning Only	Auditing Services	Agreed-Upon Procedures
Purchased Services Planning Only	Security Systems	Start up costs only
Purchased Services Planning Only	Payroll Services	Initial payroll services
Purchased Services All	Technology Buildout	Data system initial buildout only
Purchased Services All	Technology Buildout	Website creation only, no ongoing costs
Purchased Services Planning Only	Insurance	Prepaid policy – 1 year max
Purchased Services Planning Only	Storage	Temporary storage during planning phase

FS10 Category	Cost	Description/Notes
Project Phase		
Supplies and Materials All	Admin/Staff/General Furniture	
Supplies and Materials All	Technology	Computers/Tablets, Printers, Servers, Document Cameras
Supplies and Materials Planning/Implementation	Software	Initial purchase only, no subscription renewals
Supplies and Materials All	Office Supplies	
Supplies and Materials All	Classroom materials	
Supplies and Materials All	Special Ed Supplies	Align with initial grades served
Supplies and Materials All	Textbooks/Workbooks	Align with initial grades served
Supplies and Materials All	Signage	Banners or similar, no permanent signage
Supplies and Materials All	Testing Materials	Align with initial grades served
Supplies and Materials All	Classroom, Library, Cafeteria Furniture. Window Unit A/C	
Travel Expenses All	Conferences/Training	Follow State/Federal Travel Guidelines
Employee Benefits All	Social Security, Retirement, Health Insurance, Workers Compensation, Unemployment Insurance, Medicare	
Minor Remodeling All	Repairs to meet code/fire safety	Cannot add Value
Minor Remodeling All	Projects to prepare classroom space for students	Must be justifiable
Equipment (\$5K+ per unit) All	Cafeteria Equipment	Stove, Oven, Refrigeration
Equipment (\$5K+ per unit) All	Classroom Equipment	Smartboards
Equipment (\$5K+ per unit) All	Playground Equipment	Non-permanent
Equipment (\$5K+ per unit) All	Specialty Class Equipment	Microscopes, Instruments, Physical Education
Equipment (\$5K+ per unit) All	Student Transportation	Small Van/Bus for Student use only (general transportation provided by District)

Unallowable Costs

Category	Cost	Description/Notes
Capital Project	Construction	Construction of new classrooms/buildings
Capital Projects	Interest and finance charges, uncollectable debts	Bridge loan financing, credit line fees or interest
Capital Projects	Purchase/permanent improvement of Buildings or Land	Temporary classrooms, additions, buildings, land
Capital Projects	Architectural design	
Extra-Curricular Activities	Athletic Supplies	Sports team equipment, uniforms etc.
Extra-Curricular Activities	After School Programs	Clubs and program equipment and materials
Extra-Curricular Activities	Field Trips	No exceptions
Fundraising	Fundraising Activities	No exceptions
Fundraising	Promotional Items	Branded merchandise, marketing items
Food	Food, beverages, alcohol	No exceptions
Recurring Expenses	Ongoing staff development	No prepaid services
Recurring Expenses	Ongoing software Fees and renewals	No prepaid fees or renewals
Recurring Expenses	Ongoing services and fees	No prepaid fees or renewals
Recurring Expenses	Prepaid Expenses	Any goods/services not utilized during project phase
Recurring Expenses	Rent/lease expense after July 1 prior to opening	Lease expense only allowable prior to receipt of per-pupil tuition
Miscellaneous	Cleaning Supplies	No exceptions
Miscellaneous	Food Service Supplies	No exceptions
Miscellaneous	Audit Services	Annual independent Audit
Miscellaneous	Charter Management Organization (CMO) Services	No exceptions
Miscellaneous	Gifts and Gift Incentives	Includes Staff and Student Recruitment
Expansion Grants	Existing Staff Salaries	If working for existing grades, use FTE allocation
Expansion Grants	Existing Occupancy/Lease expenses	Allowable only for new space planning phase
Expansion Grants	Existing Purchased Services	Services already covered by currently operating school
Expansion Grants	Bulk purchase of supplies to be used by new and existing grades	Can only charge/allocate what is needed for new grades served
Expansion Grants	CMO or EMO Services	No exceptions